

PROBLEMS FACED BY AGRIPRENEURS IN STARTING AND OPERATING AGRIVENTURES UNDER ACABCs SCHEME IN RAJASTHAN STATE

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ABSTRACT

9th April 2002, Government of India was launched agriclincs and agribusiness centres (ACABC) scheme which is being implementing jointly by NABARD and MANAGE since its inception. Presently, 116 nodal training institutes (NTIs) were providing specialized training, government also providing subsidy based credit facilities to agrigraduates for setting up agriventure, but the progress was not seen good and satisfactory during the last one decade. The present study was conducted in rajasthan state during 2011 to 2013 and based on the primary data collected through field survey by pre tested questionnaires from 150 sample agrigraduates. The statistical techniques such as frequencies, scores and percentages were used to find out the problems of agripreneurs in establishing and operating agriventures in Rajasthan state. In the results, it was found that lack of own money to start business, lack of proper handholding support from NTIs, lack of family support, lack of business and field experience, high rate of interest on loan and a lot of formalities in getting bank loans were the major problems in establishing agriventure, while heavy competition from existing market players, marketing and infrastructural problems, perishability and seasonability of products, fluctuation in demand and prices of products, illiteracy and lack of knowledge of the farmers and insufficient cash in hand to run the business were the major problems faced by agripreneurs in operating agriventure. Thus, the present study mainly focused on the major problems faced by agripreneurs in starting and operation of agriventures under the agriclinc and agribusiness centre (ACABCs) scheme in Rajasthan state.

KEYWORDS: ACABC Scheme, Major Problems, Agriventure, Nodal Training Institutes, and Rajasthan State

INTRODUCTION

Agriculture is the back bone of Indian economy due to about more than 70 per cent of the population is dependent directly or indirectly on agricultural and allied sector (Pandey, 2013 and Bairwa *et al.*, 2014a). Agriculture provides the underpinning for our food and livelihood security and support for the economic growth and social transformation of the country. It has always been India's most important economic sector accounting for 13.6 per cent of the gross domestic product (GDP). It will continue to be central part to all strategies of planned socio-economic development of the country (Planning commission, 2006). The rapid agricultural growth continues to be the key to poverty alleviation and overall economic development in India. Keeping these facts under consideration, Government of India constituted a steering committee on agriculture and allied sectors under the chairmanship of Prof. M.S. Swaminathan. The committee suggested creation of agriclincs and agribusiness centres managed by agri-graduates so as to provide consultancy services to the farming community in rural areas (Karjagi, 2006). Shekara *et al.* (2011) reported that there is need for revitalization of

extension system in the country to address these issues, providing value added extension services to the farmer through additional qualified main power and adequate infrastructure. 9th April 2002, the agriclincs and agribusiness centres scheme was launched in the country (Karjagi, 2006). The scheme is opens to agriculture graduates / graduates in the subject allied to agriculture like horticulture, animal husbandry, dairy, veterinary, poultry farming, fish culture and forestry. The objectives of the program are to supplement the public extension system, increase the availability of inputs and services for farmers and provide employment to agriculture graduates (Evaluation Report, 2010). This scheme leads to agriprenurship development and specialized entrepreneurial training is a key element for the promotion of micro, small and medium enterprises (MSMEs) development (George and Bhaskaran, 2004 and Bairwa *et al.*, 2014b). The objective of present study was to find out the major problems of agripreneurs faced in starting (establishment) and operation of agriventures in Rajasthan state.

RESEARCH METHODOLOGY

The present study was based on the primary data collected by field survey during the year 2011 – 2013 in Rajasthan state. A wide range of relevant literature was also reviews to understand various issues and aspects of agriclincs and agribusiness centres scheme. Out of 33 districts of Rajasthan, 5 districts were selected purposively based on maximum number of trained candidates, good socio economic condition and maximum success stories of agriclinic and agribusiness centres scheme were reported in these districts. The fifty (50) trained candidates were randomly selected from each Nodal Training Institutes (NTIs) whereby a total of 150 candidates were selected as sample agripreneurs. Primary data were collected through questionnaires which were pre-tested with a sample of 25 agrigraduates in the same study area but other than the sample agrigraduates. Pre-testing of instruments was done to know whether the contents and forms of the questionnaire were valid, reliable and easily understandable by the respondents or not. To study the problems faced by the trained agripreneurs, the data was collected from 150 agripreneurs in which 92 agripreneurs who have not started their agriventure for the study of problems faced in the starting of agriventure and 58 agripreneurs who has already established their agriventure to study the problems faced in the successful running of agriventure. The statistical techniques such as frequencies, scores and percentages were used to find out the problems of agripreneurs in starting and operation of agriventures under the agriclincs and agribusiness centres (ACABCs) scheme in Rajasthan state.

RESULTS AND DISCUSSIONS

To study the problems faced by the trained agripreneurs, the data was collected on problems such as lack of own money to start business, banks hesitate to finance, lack of proper handholding support from NTIs, high rate of interest on loan etc (Table 1). The results about problems faced by the agripreneurs were presented under the two headings which are as follows:

Problems Faced by the Trained Agripreneurs in Establishing their Agriventure

Table 1 shows that lack of own money to start business, lack of handholding support from NTIs, lack of family support, lack of business and field experience, high rate of interest on loan and a lot of formalities in getting bank loans were the major problems faced by 88, 85, 82, 78, 75 and 75 agripreneurs which accounts to 95.65 per cent, 92.39 per cent, 89.13 per cent, 84.78 per cent, 81.52 per cent and 81.52 per cent, respectively. The lack of own money to start the business may be due to poor family conditions. The reasons for these problems may be inferior complexity of agripreneurs about their experience in business field, they might have felt that bank loan procedures were cumbersome, more risk of

investment in agriventure, agriculture depends on nature and agriventure in turn depends on agricultural activities and agribusiness runs only in seasons in dry land areas. The second order problems faced by these agripreneurs in starting their agriventure were banks not responding to the proposals (79.34%), high rate of margin money (78.26%), banks hesitate to finance (76.08%), fear to fail business due to risk (75%), lack of support from the family (67.41%), lack of collateral security (71.73%), many banks do not know about the AC and ABCs (58.69 %) and employment in public and private sector (15.21). Problem of not responding for the proposals might be due to its improper preparation, non-viability of the project or project location specified in the proposal not comes under banks jurisdiction. High margin money problem was mainly due to their problem of lack of owned funds as 25 per cent of the total cost of the project should bear by the agripreneurs. Banks hesitate to finance for AC and ABCs might be due to failure of agripreneurs in convincing and bringing confidence among the bank officials. Lack of support from the family might be due to high risk involvement in the agriventure. Whereas, some trained graduates were working in private/government sector jobs face problems in starting their agriventures due to their involvement and commitment in jobs. These results are similar as found by Karjagi (2006) and Karjagi *et al.* (2009) who reported that high interest on loan, lack of hand holding support, lack of subsidy and high rate of margin money were the major problems in starting the agriventures under the AC and ABCs scheme in south India.

Table 1: Problems Faced by the Trained Agrigraduates in Starting their Agriventures (N=92)

S. No.	Particulars of Problem	No. of Respondents	Percentage
1.	Lack of own money to start business	88	95.65
2.	Banks hesitate to finance	70	76.08
3.	Lack of proper handholding support from NTIs	85	92.39
4.	High rate of interest on loan	75	81.52
5.	Banks not responding to the proposals	73	79.34
6.	Many banks do not know about the AC & ABCs	54	58.69
7.	Lack of collateral security	66	71.73
8.	High rate of margin money (15 – 25%)	72	78.26
9.	Lack of family support	82	89.13
10.	Lack of business and field experience	78	84.78
11.	Fear to fail business due to risk	69	75.00
12.	Employment in public and private sector	14	15.21
13.	A lot of formalities in getting bank loans	75	81.52

Source: Field Survey, 2013

Problems Faced by the Trained Agripreneurs in Operating their Agriventure

Table 2 revealed that the heavy competition from existing market players was the major problem faced by the 53 agripreneurs (91.37%) followed by marketing and infrastructural problems by 50 agripreneurs (86.20%), perishability and seasonability of products by 45 agripreneurs (77.58%), fluctuation in demand and prices of products by 41 agripreneurs (70.68%), illiteracy and lack of knowledge of the farmers by 39 agripreneurs (67.24%) and insufficient cash in hand to run the business by 36 agripreneurs (62.06). The problem of heavy competition from existing players may be due to their well established business, greater experience and knowledge of market situation. The marketing and infrastructural problem includes advertising, promotion, roads, storage, warehousing, and electricity facilities in the business location. Perishable and seasonal nature of agricultural products is the major drawbacks in smooth running of agriventures. Insufficient cash in hands of trained agripreneurs to run their venture may be due to most of the agricultural graduates come from farming community.

Table 2: Problems faced by the trained Agrigraduates in Operating Agri Venture (N=58)

S. No.	Particulars of Problem	No. of Respondents	Percentage
1.	Heavy competition from existing market players	53	91.37
2.	Marketing and Infrastructural problems	50	86.20
3.	Perishability and seasonality of products	45	77.58
4.	Fluctuation in demand and prices of products	41	70.68
5.	Illiteracy and lack of knowledge of the farmers	39	67.24
6.	Insufficient cash in hand to run business	36	62.06
7.	Farmers asking the products on credit sales	30	51.72
8.	Average support from family	28	48.27
9.	No direct dealership from company	25	43.10
10.	Other problems	23	39.65

Source: Field Survey, 2013

The other problems faced by the agripreneurs were farmers asking the products on credit sales (51.72%), average support from family (48.27%), No direct dealership from company (43.10%) and other problems (39.65%). Farmers asking the products on credit basis due to lack of funds and average support from the family were due to risk involvement in the business as they fear of loss. No direct dealership from the company as presently they have sub dealerships. Hence, it is necessary for them to have a network with private companies like Rallis India Limited, Mahindra Shubha-Lah, and ITC-e-Choupal by having franchise from these companies. These results are in conformity with the findings of Rao and Rupkumar (2005), they reported that lack of funds and risk aversion are the most important pre-start problems faced by the sample agripreneurs in Maharashtra. Karjagi (2006) and Karjagi *et al.* (2009) also found that heavy competition from well established dealers, non cooperation of farmers and insufficient cash in hand were the major problems in running the agriventures under the AC and ABCs scheme in south India.

CONCLUSIONS

The agriclincs and agribusiness centres scheme has empowering to rural and urban youth by providing professional and technical skills for setting up the own agriventure and also helping the farming community by providing inputs timely. ACABCs scheme become popular among agrigraduates due to specialized training, credit facility, subsidy and handholding support for the starting of agribusiness, but the success rate of total agriventure starting is low against total trained candidates due to several problems faced by agripreneurs during starting and operation of agriventure. The major problems were lack of own money to start business, lack of handholding support from NTIs, lack of family support, lack of business and field experience, high rate of interest on loan and a lot of formalities in getting bank loans were the major problems in establishing agriventure, while heavy competition from existing market players, marketing and infrastructural problems, perishability and seasonability of products, fluctuation in demand and prices of products, illiteracy and lack of knowledge of the farmers and insufficient cash in hand to run the business were the major problems in operating agriventure. There is a need to thinking on the whole gamut of components of the scheme and government should made suitable policies for the problems faced by agripreneurs under the ACABCs scheme, so that the objectives of scheme can be achieved effectively and efficiently.

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